

House File 640

H-1457

1 Amend the Senate amendment, H-1454, to House File
2 640, as amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 7, by striking lines 33 through 46 and
5 inserting:

6 <Sec. _____. Section 312.2, subsection 9, paragraph
7 a, Code 2013, is amended to read as follows:

8 a. From the excise tax on motor fuel and special
9 fuel imposed under the tax rate of section 452A.3,
10 except aviation gasoline and dyed special fuel,
11 the amount of excise tax collected from one and
12 three-fourths cents per gallon.

13 Sec. _____. Section 312.2, subsection 10, paragraph
14 a, Code 2013, is amended to read as follows:

15 a. From the excise tax on motor fuel and special
16 fuel imposed under the tax rate of section 452A.3,
17 except aviation gasoline and dyed special fuel, the
18 amount of excise tax collected from one-fourth cent per
19 gallon.

20 Sec. _____. Section 312.2, Code 2013, is amended by
21 adding the following new subsection:

22 NEW SUBSECTION. 18. a. The treasurer of state,
23 before making the allotments provided for in this
24 section, shall credit monthly from the road use tax
25 fund to the TIME-21 fund created in section 312A.2 the
26 revenue accruing to the road use tax fund beginning
27 July 1, 2015, from the excise tax on motor fuel and
28 special fuel for motor vehicles and on dyed special
29 fuel used for off-highway purposes in the amount equal
30 to the revenues collected as follows:

31 (1) The amount of excise tax collected under
32 section 452A.3, subsection 1, paragraph "c", or section
33 452A.3, subsection 1A, from ten cents per gallon.

34 (2) The amount of excise tax collected under
35 section 452A.3, subsection 3, paragraph "b",
36 subparagraph (2), from ten cents per gallon.

37 (3) The amount of excise tax collected under
38 section 452A.3, subsection 3, paragraph "c", from two
39 cents per gallon.

40 b. This subsection is repealed June 30, 2028.

41 Sec. _____. Section 423.3, subsection 56, Code 2013,
42 is amended to read as follows:

43 56. The sales price from the sale of motor fuel and
44 special fuel consumed for highway use or in watercraft
45 or aircraft where the fuel tax, except for the fuel tax
46 on dyed special fuel, has been imposed and paid and no
47 refund has been or will be allowed and the sales price
48 from the sales of ethanol blended gasoline, as defined
49 in section 214A.1.

50 Sec. _____. Section 452A.3, subsection 1, unnumbered

1 paragraph 1, Code 2013, is amended to read as follows:

2 Except as otherwise provided in this section and
3 in this division, until June 30, ~~2013~~ 2023, this
4 subsection shall apply to the excise tax imposed on
5 each gallon of motor fuel used for any purpose for the
6 privilege of operating motor vehicles in this state.

7 Sec. _____. Section 452A.3, subsection 1, paragraph
8 b, unnumbered paragraph 1, Code 2013, is amended to
9 read as follows:

10 ~~The~~ For the period beginning July 1, 2013, and
11 ending June 30, 2015, the rate for the excise tax shall
12 be as follows:

13 Sec. _____. Section 452A.3, subsection 1, Code 2013,
14 is amended by adding the following new paragraph:

15 NEW PARAGRAPH. c. For the period beginning July 1,
16 2015, and ending June 30, 2023, the rate for the excise
17 tax shall be as follows:

18 (1) If the distribution percentage is not greater
19 than fifty percent, the rate shall be twenty-nine cents
20 for ethanol blended gasoline and thirty cents for motor
21 fuel other than ethanol blended gasoline.

22 (2) If the distribution percentage is greater than
23 fifty percent but not greater than fifty-five percent,
24 the rate shall be twenty-nine cents for ethanol blended
25 gasoline and thirty and one-tenth cents for motor fuel
26 other than ethanol blended gasoline.

27 (3) If the distribution percentage is greater than
28 fifty-five percent but not greater than sixty percent,
29 the rate shall be twenty-nine cents for ethanol blended
30 gasoline and thirty and three-tenths cents for motor
31 fuel other than ethanol blended gasoline.

32 (4) If the distribution percentage is greater than
33 sixty percent but not greater than sixty-five percent,
34 the rate shall be twenty-nine cents for ethanol blended
35 gasoline and thirty and five-tenths cents for motor
36 fuel other than ethanol blended gasoline.

37 (5) If the distribution percentage is greater
38 than sixty-five percent but not greater than seventy
39 percent, the rate shall be twenty-nine cents for
40 ethanol blended gasoline and thirty and seven-tenths
41 cents for motor fuel other than ethanol blended
42 gasoline.

43 (6) If the distribution percentage is greater than
44 seventy percent but not greater than seventy-five
45 percent, the rate shall be twenty-nine cents for
46 ethanol blended gasoline and thirty-one cents for motor
47 fuel other than ethanol blended gasoline.

48 (7) If the distribution percentage is greater
49 than seventy-five percent but not greater than eighty
50 percent, the rate shall be twenty-nine and three-tenths

1 cents for ethanol blended gasoline and thirty and
2 eight-tenths cents for motor fuel other than ethanol
3 blended gasoline.

4 (8) If the distribution percentage is greater
5 than eighty percent but not greater than eighty-five
6 percent, the rate shall be twenty-nine and five-tenths
7 cents for ethanol blended gasoline and thirty and
8 seven-tenths cents for motor fuel other than ethanol
9 blended gasoline.

10 (9) If the distribution percentage is greater
11 than eighty-five percent but not greater than ninety
12 percent, the rate shall be twenty-nine and seven-tenths
13 cents for ethanol blended gasoline and thirty and
14 four-tenths cents for motor fuel other than ethanol
15 blended gasoline.

16 (10) If the distribution percentage is greater
17 than ninety percent but not greater than ninety-five
18 percent, the rate shall be twenty-nine and nine-tenths
19 cents for ethanol blended gasoline and thirty and
20 one-tenth cents for motor fuel other than ethanol
21 blended gasoline.

22 (11) If the distribution percentage is greater than
23 ninety-five percent, the rate shall be thirty cents for
24 ethanol blended gasoline and thirty cents for motor
25 fuel other than ethanol blended gasoline.

26 Sec. _____. Section 452A.3, subsection 1A, Code 2013,
27 is amended to read as follows:

28 1A. Except as otherwise provided in this section
29 and in this division, after June 30, ~~2013~~ 2023, an
30 excise tax of ~~twenty~~ thirty cents is imposed on each
31 gallon of motor fuel used for any purpose for the
32 privilege of operating motor vehicles in this state.

33 Sec. _____. Section 452A.3, subsection 3, Code 2013,
34 is amended to read as follows:

35 3. a. For the privilege of operating motor
36 vehicles or aircraft in this state, there is imposed
37 an excise tax on the use of special fuel in a motor
38 vehicle or aircraft. ~~The~~

39 b. (1) Until June 30, 2015, the tax rate on
40 special fuel for diesel engines of motor vehicles,
41 other than biodiesel blended fuel classified as B-10 or
42 higher or dyed special fuel, is twenty-two and one-half
43 cents per gallon.

44 (2) Beginning July 1, 2015, the tax rate on special
45 fuel for diesel engines of motor vehicles, other than
46 biodiesel blended fuel classified as B-10 or higher or
47 dyed special fuel, is thirty-two and one-half cents per
48 gallon.

49 (3) The tax rate on biodiesel blended fuel
50 classified as B-10 or higher for diesel engines of

1 motor vehicles is twenty-two and one-half cents per
2 gallon.

3 (4) The rate of tax on special fuel for aircraft is
4 three cents per gallon.

5 (5) On all other special fuel, unless otherwise
6 specified in this section, the per gallon rate is the
7 same as the motor fuel tax.

8 c. Indelible dye meeting United States
9 environmental protection agency and internal revenue
10 service regulations must be added to fuel before or
11 upon withdrawal at a terminal or refinery rack for that
12 fuel to be exempt from the tax imposed under paragraph
13 "b" and the dyed fuel may be used only for an exempt
14 purpose off-highway purposes. Beginning July 1, 2015,
15 an excise tax at the rate of two cents per gallon
16 is imposed on dyed special fuel used for off-highway
17 purposes.

18 Sec. _____. Section 452A.3, subsection 5, Code 2013,
19 is amended by adding the following new paragraph:

20 NEW PARAGRAPH. c. The director of revenue
21 shall administer the excise tax on dyed special
22 fuel as nearly as possible in conjunction with the
23 administration of the state sales and use tax law,
24 except that portion of the law which implements the
25 streamlined sales and use tax agreement. Section
26 422.25, subsection 4, sections 422.30, 422.67, and
27 422.68, section 422.69, subsection 1, sections 422.70,
28 422.71, 422.72, 422.74, and 422.75, section 423.14,
29 subsection 1, and sections 423.23, 423.24, 423.25,
30 423.31 through 423.35, 423.37 through 423.42, and
31 423.47, consistent with the provisions of this chapter,
32 apply with respect to the tax on dyed special fuel
33 authorized under this section, in the same manner and
34 with the same effect as if the excise taxes on dyed
35 special fuel were retail sales taxes within the meaning
36 of those statutes.

37 Sec. _____. Section 452A.8, subsection 1, paragraph
38 b, Code 2013, is amended to read as follows:

39 ~~b. For information purposes only, a supplier,~~
40 ~~restrictive supplier, or importer shall show the~~
41 The number of invoiced gallons of dyed special fuel
42 withdrawn from the terminal.

43 Sec. _____. APPLICABILITY — INVENTORY
44 TAX. Notwithstanding section 452A.85, persons who have
45 title to motor fuel, ethanol blended gasoline, undyed
46 special fuel, compressed natural gas, or liquefied
47 petroleum gas in storage and held for sale on the
48 effective date of an increase in the rate of excise
49 tax imposed on motor fuel, ethanol blended gasoline,
50 or special fuel pursuant to this division of this

1 Act shall not be subject to an inventory tax on the
2 gallonage in storage as provided in section 452A.85 as
3 a result of the tax increases provided in this division
4 of this Act.>

5 2. Page 7, after line 49 by inserting:

6 <DIVISION
7 INCOME TAX CREDITS

8 Sec. _____. NEW SECTION. 422.11C Dyed special fuel
9 tax credit.

10 1. The taxes imposed under this division, less the
11 credits allowed under section 422.12, shall be reduced
12 by a dyed special fuel tax credit equal to two cents
13 per gallon of dyed special fuel used for off-highway
14 purposes subject to the excise tax in section 452A.3
15 which was purchased by the taxpayer during the tax
16 year.

17 2. An individual may claim the tax credit allowed a
18 partnership, limited liability company, S corporation,
19 estate, or trust electing to have the income taxed
20 directly to the individual. The amount claimed by the
21 individual shall be based upon the pro rata share of
22 the individual's earnings of the partnership, limited
23 liability company, S corporation, estate, or trust.

24 3. Any credit in excess of the tax liability
25 shall be refunded. In lieu of claiming a refund, a
26 taxpayer may elect to have the overpayment shown on the
27 taxpayer's final, completed return credited to the tax
28 liability for the following taxable year.

29 Sec. _____. NEW SECTION. 422.11E Fuel tax neutrality
30 tax credit.

31 1. For purposes of this section, unless the context
32 otherwise requires:

33 a. "Hybrid motor vehicle" means a motor vehicle
34 subject to registration under section 321.18, which
35 operates on a combination of an electric propulsion
36 system and an internal combustion propulsion system.

37 b. "Lease" or "leased" means the same as defined in
38 section 321F.1.

39 c. "Motor vehicle" means a motor vehicle subject
40 to registration under section 321.18, excluding a
41 motor vehicle that operates solely on an electric
42 propulsion system or a motor vehicle that operates on
43 a combination of an electric propulsion system and an
44 internal combustion propulsion system.

45 d. "Used primarily for business purposes" means to
46 primarily use a motor vehicle or hybrid motor vehicle
47 in such a way as to allow the taxpayer a deduction
48 under section 162(a) of the Internal Revenue Code, but
49 shall not include a vehicle primarily used for lease or
50 rental to another person, or held primarily for sale to

1 another person.

2 *e. "Used primarily for personal purposes"* means to
3 primarily use a motor vehicle or hybrid motor vehicle
4 for any purpose other than a business purpose, but
5 shall not include a vehicle primarily used for lease or
6 rental to another person, or held primarily for sale to
7 another person.

8 2. The taxes imposed under this division, less
9 the credits allowed under section 422.12, shall be
10 reduced by a fuel tax neutrality tax credit equal to
11 the following:

12 *a.* For a motor vehicle owned or leased by a
13 taxpayer and used primarily for personal purposes,
14 seventy-five dollars. However, for tax years beginning
15 in the 2015 calendar year, the amount shall not exceed
16 thirty-seven dollars.

17 *b.* For a hybrid motor vehicle owned or leased by
18 a taxpayer and used primarily for personal purposes,
19 forty dollars. However, for tax years beginning in the
20 2015 calendar year, the amount shall not exceed twenty
21 dollars.

22 *c.* For a motor vehicle or hybrid motor vehicle
23 owned or leased by a taxpayer and used primarily for
24 business purposes, one of the following amounts:

25 (1) If the taxpayer has elected for federal tax
26 purposes to use the standard mileage rate method for
27 computation of deductible business expenses pursuant
28 to the Internal Revenue Code, an amount equal to
29 fifty-five hundredths of a cent per mile driven within
30 Iowa during the tax year, rounded to the nearest
31 dollar. However, the credit in this subparagraph shall
32 not apply to miles driven before July 1, 2015.

33 (2) If the taxpayer has elected for federal tax
34 purposes to deduct the actual costs of operating the
35 motor vehicle or hybrid motor vehicle pursuant to the
36 Internal Revenue Code, an amount equal to ten cents per
37 gallon of motor fuel or undyed special fuel purchased
38 within Iowa by the taxpayer during the tax year for use
39 in the motor vehicle or hybrid motor vehicle, rounded
40 to the nearest dollar. However, the credit in this
41 subparagraph shall not apply to fuel purchased before
42 July 1, 2015.

43 3. For purposes of the credit in subsection 2, if a
44 motor vehicle or hybrid motor vehicle is jointly owned
45 or leased by two or more taxpayers, the credit shall
46 only be claimed by one taxpayer.

47 4. For purposes of the credits in subsection 2,
48 paragraphs "a" and "b", if the taxpayer is not the
49 owner or lessee of the motor vehicle or hybrid motor
50 vehicle for the entire tax year, the maximum amount

1 of the credit shall be prorated and the amount of
2 the credit for the taxpayer with respect to those
3 paragraphs shall equal the maximum amount of credit
4 for the tax year, divided by twelve, multiplied by the
5 number of months in the tax year that the taxpayer
6 owned or leased the motor vehicle or hybrid motor
7 vehicle.

8 5. An individual may claim the tax credit allowed a
9 partnership, limited liability company, S corporation,
10 estate, or trust electing to have the income taxed
11 directly to the individual. The amount claimed by the
12 individual shall be based upon the pro rata share of
13 the individual's earnings of the partnership, limited
14 liability company, S corporation, estate, or trust.

15 6. Any credit in excess of the tax liability
16 shall be refunded. In lieu of claiming a refund, a
17 taxpayer may elect to have the overpayment shown on the
18 taxpayer's final, completed return credited to the tax
19 liability for the following taxable year.

20 Sec. _____. Section 422.33, Code 2013, is amended by
21 adding the following new subsections:

22 NEW SUBSECTION. 22. The taxes imposed under this
23 division shall be reduced by a dyed special fuel
24 tax credit in the same manner, for the same amount,
25 and under the same conditions as provided in section
26 422.11C.

27 NEW SUBSECTION. 23. The taxes imposed under this
28 division shall be reduced by a fuel tax neutrality
29 tax credit in the same manner, for the same amount,
30 and under the same conditions as provided in section
31 422.11E.

32 Sec. _____. EFFECTIVE DATE. This division of this
33 Act takes effect January 1, 2015.

34 Sec. _____. APPLICABILITY. This division of this Act
35 applies to tax years beginning on or after January 1,
36 2015.>

37 3. Page 8, after line 1 by inserting:

38 <_____. Title page, line 7, by striking <extending
39 the period for determining the rates>

40 _____. Title page, by striking lines 8 and 9 and
41 inserting <relating to excise taxes on motor fuel and
42 certain special fuel, providing for the use of certain
43 revenues resulting from the excise taxes, providing
44 income tax credits, including>

45 _____. Title page, line 10, after <date> by inserting
46 <and applicability>>

47 4. By renumbering as necessary.

BYRNES of Mitchell

BALTIMORE of Boone